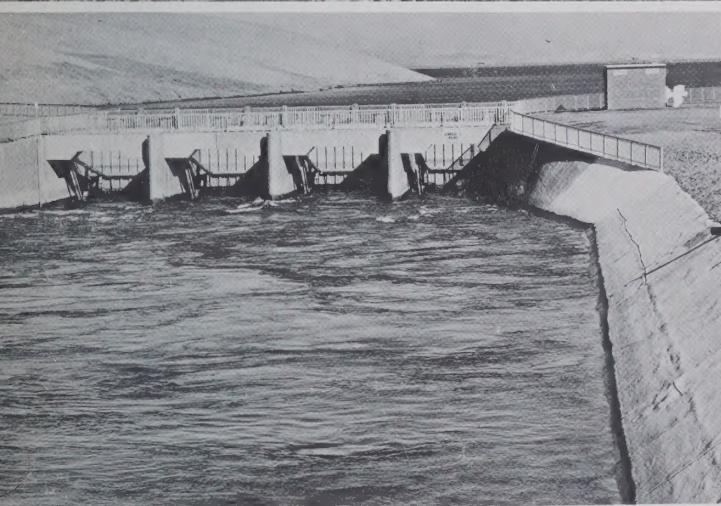
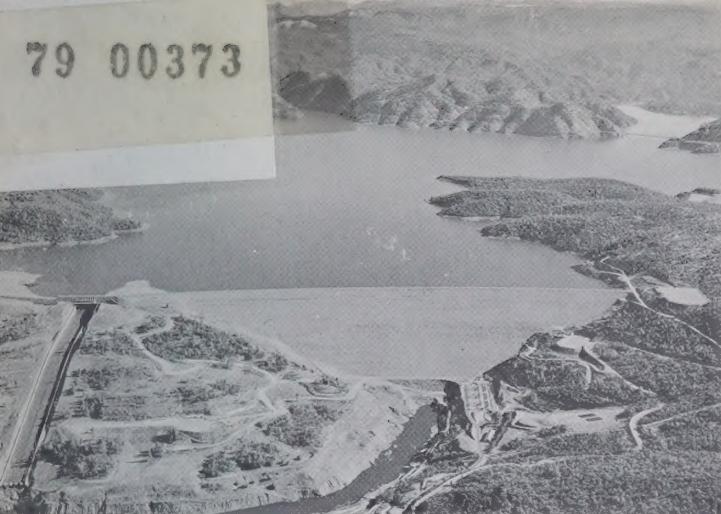


79 00373



OFFICIAL STATEMENT

NO. 00373

## CAWELO WATER DISTRICT

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**\$1,900,000**

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**1974 Water Bonds  
Series B**

(GENERAL OBLIGATIONS)

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**KERN COUNTY, CALIFORNIA**

BIDS TO BE RECEIVED BY THE CAWELO WATER DISTRICT  
ON OR BEFORE 11:00 A.M., WEDNESDAY, SEPTEMBER 27,  
1978, AT THE OFFICES OF ORRICK, HERRINGTON, ROWLEY &  
SUTCLIFFE, 600 MONTGOMERY STREET, ELEVENTH FLOOR,  
SAN FRANCISCO, CALIFORNIA.

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CAWELO WATER DISTRICT

Kern County, California

**BOARD OF DIRECTORS**

D. M. Camp, *President*

J. Norman Dawe

Raymond J. Mettler

Milo E. Hall

Robert J. Vignolo

John L. Jones, *District Manager*

Stephen E. Wall, *Attorney-Treasurer*

**PROFESSIONAL SERVICES**

Orrick, Herrington, Rowley & Sutcliffe, San Francisco  
*Bond Counsel*

Stone & Youngberg Municipal Financing Consultants, Inc., San Francisco  
*Financing Consultants*

R. L. Schafer and Associates, Inc., Visalia  
*Consulting Engineers*

Bank of America N. T. & S. A., San Francisco and Los Angeles  
Citibank, N.A., New York  
Continental Illinois National Bank and Trust Company of Chicago, Chicago  
*Paying Agents*

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**THE DATE OF THIS OFFICIAL STATEMENT IS AUGUST 17, 1978**

79 01373

## CAWELO WATER DISTRICT

August 17, 1978

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on and buyers of \$1,900,000 Cawelo Water District 1974 Water Bonds, Series B, authorized and issued for the purpose of financing water facilities for the District.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultants to the Cawelo Water District, and said firm will receive compensation from the District contingent upon the sale and delivery of the Bonds. Summaries herein presented of the Resolution of Issuance, Notice of Sale, engineering, financial and economic data do not purport to be complete, and reference is made to the documents on file in the office of the Secretary of the District for further information. Statements which involve estimates or opinions, whether or not expressly so described herein, are intended solely as such and are not to be construed as factual reports.

The Official Statement does not constitute a contract with the buyers or holders, from time to time, of the Bonds. The Resolution of Issuance, which does constitute such a contract, is available to any prospective bidder on request from said Secretary.

The legal opinion, approving the validity of the Bonds, will be furnished by Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, Bond Counsel to the District, (see "Legal Opinion"). Bond Counsel's participation in the review of this Official Statement has been limited to reviewing the statements of law and legal conclusions as set forth herein under the caption "The Bonds."

No dealer, broker, salesman or other person has been authorized by the District to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The execution and distribution of this Official Statement have been duly authorized by the District.

CAWELO WATER DISTRICT

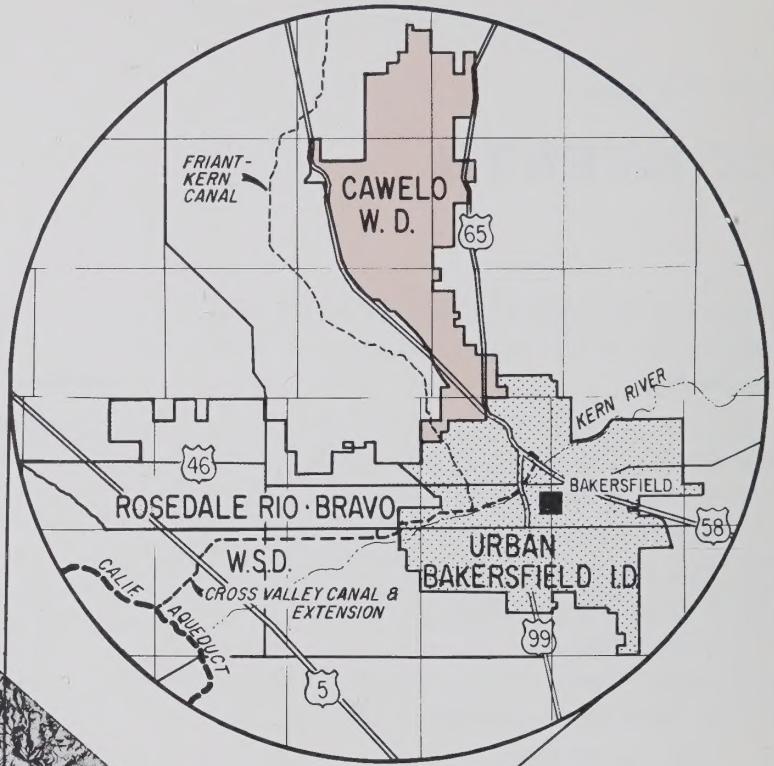
D. M. CAMP, *President*

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VICINITY MAP

# INTRODUCTION

The Cawelo Water District was formed in 1965 to provide a means of reducing the groundwater overdraft and providing the District with a balanced water supply. The District is located in Kern County, just to the north of the City of Bakersfield and contains approximately 46,800 acres (73 square miles). The irrigable land of the District is estimated to be 43,425 acres, of which about 36,700 are currently irrigated.

The District's population is estimated at 250, which reflects the large corporate holdings of land in the District. Based upon the 1978 landowner roll of the District, the ten major landowners, which include Getty Oil Company, Superior Farming Company, Paramount Citrus Association, Bidart Brothers and several large landholdings in individual ownerships, account for over 60% of the District's total acreage.

To provide sufficient water for the irrigable lands within the District, a contract was executed in September 1972 with the Kern County Water Agency, the principal contractor for state water in Kern County, for a supply of water from the California State Water Project. This contract provides for the delivery of a maximum annual entitlement of 45,000 acre-feet of state water. Additionally, the District can obtain unregulated surplus state water, if and when available. The State Water Project was completed in 1972 and water now flows from Northern California to the agricultural areas of the San Joaquin Valley and over the Tehachapi Mountains to the metropolitan areas of Southern California.

The State Aqueduct, the source of the state water supply, lies some 20 miles to the west of the District. In August 1973, the Cawelo Water District, Rosedale-Rio Bravo Water Storage District, and Improvement District No. 4 of the Kern County Water Agency (Urban Bakersfield) agreed upon the construction of a single conveyance system with sufficient capacity for each participant, called the "Cross Valley Canal." Additionally, three other

districts, the Arvin-Edison Water Storage District the Rag Gulch Water District and the Kern-Tulare Water District subsequently joined in the project. Construction of the Cross Valley Canal was started in May 1974 and the facilities were completed in March 1975.

With the completion of the Cross Valley Canal and the District's distribution system in October 1975, District landowners can now meet their irrigation needs from three sources: State water via the Cross Valley Canal, Kern River water and private local wells. The District's surface water distribution system currently serves 27,000 acres within the District.

To further enhance the water supply for the area, the District, in May 1976, entered into a 35-year agreement with the City of Bakersfield for an average annual supply of 27,000 acre-feet of Kern River water at a fixed cost of \$20 per acre-foot, which is currently about 11% less in price than state water.

The District financed its share of the Cross Valley Canal and the District's distribution system by the issuance of \$23,000,000 of general obligation bonds in April 1974, designated "1974 Water Bonds, Series A" and from a \$1,800,000 construction loan from the California State Department of Water Resources. Since the completion of the canal, the Kern County Water Agency, the administrator of the canal, has informed the District that certain estimates of land acquisition and rights-of-way costs have exceeded the original estimates due to protracted condemnation proceedings. Also, there is a disputed contractor claim. The District's share of these costs is conservatively estimated at \$1,588,000.

The proceeds of the Series B Bonds, presently being offered for sale, will be used to meet these obligations. To the extent that the actual awards and/or settlements are less than estimated, the District will utilize the unused proceeds to extend the District's distribution system to new service areas.

The market value of District lands and on-farm improvements, as appraised by Alliance Appraisal Company, Bakersfield, California, in December 1977, was \$99,368,800, exclusive of the District's facilities. The appraisal excluded approximately 1,466 acres of detached irrigated land which remains liable for the District's 1974 Bonds. The 1977/78 assessed value of land, including the detached area, is estimated at \$5,500,548 and the assessed value of all property is estimated at \$19,349,832.

# THE BONDS

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## **Authority for Issuance**

The \$1,900,000 principal amount of Cawelo Water District 1974 Water Bonds, Series B, described in this official statement are general obligation bonds being issued pursuant to the provisions of Resolution No. 207 of the Board of Directors, adopted August 17, 1978. The Bonds represent the second series of a \$27,000,000 authorization, approved at a special election held within the District on October 31, 1967. Series A Bonds in the amount of \$23,000,000 were sold on April 24, 1974.

Under provisions of the California Water District Law (Sections 34000 et seq. of the Water Code of the State of California), only property owners within the District are eligible to vote on the question of incurring bonded indebtedness. Each property owner was entitled to one vote for each dollar of assessed valuation of land to which he held title, as evidenced by the last equalized assessment book of the District.

An application for permission to sell the Series B Bonds has been made to the District Securities Advisory Commission of the State Treasurer's office and approval of the sale is expected at the Commission's September 15, 1978 meeting. No further series of this issue of authorized bonds are expected to be offered for sale in the foreseeable future and then only if necessary and subject to the further approval of the State Treasurer.

## **Sale of Bonds**

Sealed bids for the purchase of the Bonds will be received by a representative of the Board of Directors of the District on Wednesday, September 27, 1978 at 11:00 a.m. at the offices of Orrick, Herrington, Rowley & Sutcliffe, 600 Montgomery Street, 11th Floor, San Francisco, California. Details of the terms of sale are contained in the Official Notice of Sale adopted August 17, 1978.

## **Description of Bonds**

The 1974 Water Bonds, Series B will be issued in coupon form in the denomination of \$5,000 or in

registered form in the denomination of \$5,000 or authorized multiples of \$5,000, all dated October 1, 1978. The coupon bonds are numbered B1 through B380, inclusive. Bonds are to mature and become payable in consecutive numerical order on May 1 of each year as set forth below.

Interest will be payable by coupon semiannually on November 1 and May 1. The first interest payment will be due May 1, 1979 and will represent seven months' interest.

Both principal and interest are payable at the San Francisco or Los Angeles principal offices of Bank of America N.T. & S.A., paying agent for the District, or at any paying agent of the District in Chicago, Illinois or New York, New York.

## MATURITY SCHEDULE

### 1974 Water Bonds, Series B

Maturity Date May 1	Principal Maturing	Maturity Date May 1	Principal Maturing
1980 ...	\$ 10,000	1993 ...	\$ 75,000
1981 ...	20,000	1994 ...	75,000
1982 ...	25,000	1995 ...	85,000
1983 ...	35,000	1996 ...	90,000
1984 ...	40,000	1997 ...	95,000
1985 ...	45,000	1998 ...	105,000
1986 ...	45,000	1999 ...	115,000
1987 ...	50,000	2000 ...	125,000
1988 ...	55,000	2001 ...	130,000
1989 ...	55,000	2002 ...	140,000
1990 ...	60,000	2003 ...	140,000
1991 ...	65,000	2004 ...	150,000
1992 ...	70,000		

## Redemption Provisions

The Resolution of Issuance provides that bonds maturing on or before May 1, 1992, are not subject to call or redemption prior to their fixed maturity dates. Bonds maturing on or after May 1, 1993, a principal amount of \$1,325,000, are subject to call and redemption as a whole or in part in inverse order of maturities (and by lot within maturities) at the option of the Board of Directors of the District on any date on or after May 1, 1992, upon payment of the principal amount plus interest to the date of redemption plus a premium equal to one-quarter of one percent of the principal amount plus an additional one-quarter of one percent for each year and any remaining fraction of a year between the date of redemption and the maturity

date, up to a maximum of 3 1/4 percent. The District will publish a notice of intended redemption at least 30 days before any bonds are to be called. Copies of the notice of redemption are to be mailed to the holders of any registered bonds designated for redemption.

## Registration

The Bonds are to be issued as coupon bonds or as fully registered bonds, at the holder's option, with the privilege of exchange as set forth in the resolution. Registrar for the District is the Bank of America N.T. & S.A., San Francisco, California.

## Legal Opinion

The unqualified opinion of Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, bond counsel for the Cawelo Water District, approving the validity of the Bonds will be supplied free of charge to the original purchasers of the Bonds. A copy of the legal opinion of Orrick, Herrington, Rowley & Sutcliffe, certified by the official in whose office the original is filed, will be printed on each bond without charge to the successful bidder.

The statements of law and legal conclusions set forth under the heading "The Bonds" have been reviewed by bond counsel. Bond counsel's employment is limited to the review of the legal proceedings required for the authorization of the Bonds and to rendering an opinion as to the validity of the Bonds and the exemption of interest on the Bonds from income taxation. The opinion of bond counsel will not consider or extend to any documents, agreements, representations, offering circulars or other material of any kind concerning the Bonds not mentioned in this paragraph.

## Legality for Investment

Prior to delivery the Bonds will be certified by the State Treasurer of the State of California as legal investments for all trust funds, for the funds of all insurance companies, commercial banks, savings banks subject to Section 1359 of the Financial Code, trust companies, the State school funds, and any funds which may be invested in county, municipal, or school district bonds. The Bonds may be deposited as security for the performance of any act whenever the bonds of any county, city, city and county, or school district may be so deposited, including deposit as security for public money, they being entitled to these privileges by virtue of an examination by the California State Treasurer.

In accordance with such certification, the eligibility of the Bonds at the time of their issuance for the investment of funds of commercial or savings banks, as such, is subject to the provisions of Section 1359 of the Financial Code of the State of California, and the Bonds are believed by the District to be not presently eligible for investment by commercial and savings banks under the provisions of such section of the Financial Code.

## **Tax Exempt Status**

In the opinion of bond counsel, the interest on the Bonds is exempt from all present federal income taxes and from State of California personal income taxes under existing statutes, regulations, and court decisions.

## **Purpose and Disposition of Bond Proceeds**

The proceeds from the sale of the 1974 Water Bonds, Series B, will be used to finance the District's share of rights-of-way and land acquisition in connection with the Cross Valley Canal as described in this official statement under "The Project".

## **Security**

The Bonds and interest thereon are payable from annual ad valorem assessments which may be levied without limitation as to rate or amount on all assessable lands within the District, provided that in lieu thereof the District may use funds derived from water tolls and charges, if available for that purpose. The present policy of the District is to levy a special assessment on all assessable lands within the District at rates depending on whether the land is developed or undeveloped. In addition to the special assessments, the District imposes a water standby charge and a water toll on water used.

## **Litigation**

In the opinion of counsel for the District, the District is not a party to any existing or pending litigation which would materially impair the ability of the District to service its general obligation indebtedness.

The District is a party to a lawsuit filed against the District by Sully-Miller Construction Company for recovery of \$223,519 claimed under the plaintiff's canal and reservoirs construction contract. The District has filed a cross-complaint for breach of

contract and the District believes that its position will be sustained. Should the position of the plaintiff be upheld, the amount of the disputed claim is in retention by the District to the extent of \$206,000.

## **Tax Limitation—Initiative Constitutional Amendment**

At the June 6, 1978 statewide election, the voters approved Proposition 13, a measure entitled "Tax Limitation—Initiative Constitutional Amendment," commonly known as the "Jarvis-Gann Initiative."

The office of the Attorney General provided the following summary of the measure for the election:

**"TAX LIMITATION—INITIATIVE CONSTITUTIONAL AMENDMENT.** Limits ad valorem taxes on real property to 1% of value except to pay indebtedness previously approved by voters. Establishes 1975-1976 assessed valuation base for property tax purposes. Limits annual increases in value. Provides for reassessment after sale, transfer, or construction. Requires 2/3 vote of Legislature to enact any change in state taxes designed to increase revenues. Prohibits imposition by state of new ad valorem, sales, or transaction taxes on real property. Authorizes imposition of special taxes by local government (except on real property) by 2/3 vote of qualified electors. Financial impact: Commencing with fiscal year beginning July 1, 1978, would result in annual losses of local government property tax revenues (approximately \$7 billion in 1978-79 fiscal year), reduction in annual state costs (approximately \$600 million in 1978-79 fiscal year), and restriction on future ability of local governments to finance capital construction by sale of general obligation bonds."

The legality of the Initiative is being challenged in several court proceedings. The District cannot predict whether or not the validity of the Initiative will be upheld, in whole or in part, by the courts. However, if the measure is upheld by the courts, ad valorem assessments of the District for purposes other than the payment of the debt service on bonds of the District approved by the voters would be substantially reduced.

On June 24, 1978, emergency legislation addressing the same subject was enacted into law as Chapter 292. Pursuant to the provisions of the Jarvis-Gann Initiative and of Chapter 292, the assessed valuation of property for property tax purposes is established as the full cash value thereof as shown on the

1975/76 assessment rolls. The assessed valuation so established may be increased up to 2% per year for each year thereafter to reflect a change in the cost of living and may also be increased on a change of ownership, on a purchase and upon new construction. Chapter 292 also provides that ad valorem assessments on land only shall be considered ad valorem taxes for the purposes of the limitation set forth in the Jarvis-Gann Initiative.

**The Series B Bonds were voter-approved and in the opinion of the District's Bond Counsel, notwithstanding the passage of Proposition 13, the District is, in the absence of other revenue charges, obligated to levy annual ad valorem assessments for payment of the Bonds and the interest thereon upon land only within the District without limitation as to rate or amount. The District cannot predict or give assurance that the Initiative, if upheld by the courts, will not affect the District's continuing ability to levy and collect charges to holders of title to land in the form of special assessments on a per acre of benefited land basis. In all events the District believes it will be able to continue to levy and collect user fees in the form of standby charges for making water service available and water tolls for water delivered, all of which may be used to defray the ordinary operation and maintenance expenses of the District.**

### **Bond Reserve Fund**

Pursuant to provisions of the Resolution of Issuance of the Series B Bonds, a bond reserve fund of \$80,000 which is approximately equal to one-half the average annual bond service is to be created from the proceeds of the sale and will be maintained so long as any of the Bonds are outstanding. Moneys in the reserve fund are to be used only to pay maturing bond interest and principal in the event of deficiency. The fund is to be replenished from legally available proceeds of the next succeeding assessment whenever it falls below the minimum requirements.

### **Approval of Expenditures**

As previously stated, the law requires that any sale of any issue of bonds by the District must first be approved by the State Treasurer based on the

recommendation of the District Securities Advisory Commission. In addition, the District is required by law to obtain such approval for the expenditure of bond proceeds for the purposes designated. Annually thereafter, the District must submit a detailed report to the District's Securities Advisory Commission disclosing all of its financial transactions and other activities.

### **Bond Service and Loan Requirements**

In February 1974 the District obtained a construction loan in the amount of \$1,800,000 from the State of California, The Resources Agency, Department of Water Resources. The annual loan payment to the State of California, Department of Water Resources, is payable in 71 semiannual installments (principal and interest at an annual rate of 4.374%) of \$54,645. Payments are expected to start in the fiscal year ending June 30, 1979, and will end in the fiscal year 2013/14.

In late 1977 the Kern County Water Agency obtained a loan of \$5,859,855 from the Federal Economic Development Administration (EDA) pursuant to the Community Emergency Drought Relief Act of 1977 (Public Law 95-31) to assist the Agency and its member units in making payments to the State of California under the Agency's water supply contract dated September 28, 1972. As a member unit of the Agency, the Cawelo Water District utilized \$967,550 of the EDA loan as credits to contract payments with the Agency. Under the terms of an agreement between the Agency and the District dated January 12, 1978, the District is obligated to repay to the Agency its loan of \$967,550 in equal annual payments of principal and interest beginning on January 1, 1979 and ending on January 1, 2017. Interest on the loan is at the rate of 5 percent per annum.

Table 1 presents the estimated annual bond service requirements for the 1974 Water Bonds, Series B, together with the actual bond service requirements for the Series A Bonds and the District's obligations to State of California, Department of Water Resources, and the Kern County Water Agency in connection with its EDA loan.

**Table 1****CAWELO WATER DISTRICT****Schedule of Estimated Bond Service and Loan Payments**

Fiscal Year	Bonds Outstanding	Estimated Interest @ 7%	Principal Maturing May 1	Total Estimated Series B Bond Service	Series A Bond Service	Dept. of Water Resources Loan Repayment	EDA Loan Repayment	Grand Total
1978/79 ....	\$1,900,000	\$ 77,583①	\$ —	\$ 77,583	\$1,737,070	\$ 54,645	\$56,858③	\$1,926,156
1979/80 ....	1,900,000	133,000	10,000	143,000	1,742,370	109,290	56,858	2,051,518
1980/81 ....	1,890,000	132,300	20,000	152,300	1,736,270	109,290	56,858	2,054,718
1981/82 ....	1,870,000	130,900	25,000	155,900	1,739,470	109,290	56,858	2,061,518
1982/83 ....	1,845,000	129,150	35,000	164,150	1,731,270	109,290	56,858	2,061,568
1983/84 ....	1,810,000	126,700	40,000	166,700	1,732,370	109,290	56,858	2,065,218
1984/85 ....	1,770,000	123,900	45,000	168,900	1,732,070	109,290	56,858	2,067,118
1985/86 ....	1,725,000	120,750	45,000	165,750	1,730,370	109,290	56,858	2,062,268
1986/87 ....	1,680,000	117,600	50,000	167,600	1,727,270	109,290	56,858	2,061,018
1987/88 ....	1,630,000	114,100	55,000	169,100	1,722,770	109,290	56,858	2,058,018
1988/89 ....	1,575,000	110,250	55,000	165,250	1,726,870	109,290	56,858	2,058,268
1989/90 ....	1,520,000	106,400	60,000	166,400	1,720,470	109,290	56,858	2,053,018
1990/91 ....	1,460,000	102,200	65,000	167,200	1,722,750	109,290	56,858	2,056,098
1991/92 ....	1,395,000	97,650	70,000	167,650	1,723,050	109,290	56,858	2,056,848
1992/93 ....	1,325,000	92,750	75,000②	167,750	1,721,370	109,290	56,858	2,055,268
1993/94 ....	1,250,000	87,500	75,000②	162,500	1,727,710	109,290	56,858	2,056,358
1994/95 ....	1,175,000	82,250	85,000②	167,250	1,721,410	109,290	56,858	2,054,808
1995/96 ....	1,090,000	76,300	90,000②	166,300	1,723,130	109,290	56,858	2,055,578
1996/97 ....	1,000,000	70,000	95,000②	165,000	1,722,210	109,290	56,858	2,053,358
1997/98 ....	905,000	63,350	105,000②	168,350	1,718,650	109,290	56,858	2,053,148
1998/99 ....	800,000	56,000	115,000②	171,000	1,722,450	109,290	56,858	2,059,598
1999/00 ....	685,000	47,950	125,000②	172,950	1,722,950	109,290	56,858	2,062,048
2000/01 ....	560,000	39,200	130,000②	169,200	1,720,150	109,290	56,858	2,055,498
2001/02 ....	430,000	30,100	140,000②	170,100	1,714,050	109,290	56,858	2,050,298
2002/03 ....	290,000	20,300	140,000②	160,300	1,714,650	109,290	56,858	2,041,098
2003/04 ....	150,000	10,500	150,000②	160,500	1,711,290	109,290	56,858	2,037,938
2004/05 ....					1,713,970	109,290	56,858	1,880,118
2005/06 ....					1,710,940	109,290	56,858	1,877,088
2006/07 ....					1,713,220	109,290	56,858	1,879,368
2007/08 ....					1,710,140	109,290	56,858	1,876,288
2008/09 ....					1,701,700	109,290	56,858	1,867,848
2009/10 ....					1,697,900	109,290	56,858	1,864,048
2010/11 ....					1,697,325	109,290	56,858	1,863,473
2011/12 ....						109,290	56,858	166,148
2012/13 ....						109,290	56,858	166,148
2013/14 ....						107,435	56,858	164,293
2014/15 ....							56,858	56,858
2015/16 ....							56,858	56,858
2016/17 ....							56,857	56,857

① Seven months' interest.

② Callable on and after May 1, 1992.

③ Rounded to nearest dollar.

# THE DISTRICT

The Cawelo Water District was formed in January, 1965 to provide a public entity which could contract with the Kern County Water Agency for State Project Water. The District is governed by a five-member Board of Directors and its operation is under the direction of a District Manager. A brief biography of each director and the manager is as follows:

## D. M. CAMP, President

Mr. Camp is President of W. B. Camp & Sons, a farming and agri-business company. He is a native of Kern County, graduate of Clemson University, with a degree in agriculture and has been actively engaged in farming since 1947. He also serves as President of the California Planting Cotton Seed Distributors and is a member of the Water Association of Kern County. Mr. Camp is an original director of the District and his current term expires in November 1981.

## MILO E. HALL, Board Member and Secretary

Mr. Hall is a Vice-President of Superior Farming Company and has been associated with this organization for 37 years. He is a native of Kern County and is a member of the board of directors of the North Kern Water Storage District and the Water Association of Kern County. He has served on the district board since September 1969 and his present term will expire in November 1981.

## RAYMOND J. METTLER, Board Member and Vice President

Mr. Mettler has been farming in Kern County for over 40 years, principally in potatoes, cotton and citrus. He is a member of the Kern County Farm Bureau and Water Association of Kern

County. He is an original director of the District and his present term will expire in November 1979.

## J. NORMAN DAWE, Board Member

Mr. Dawe is a member of the real estate division of Getty Oil Company and has been associated with the company since 1972. He is a graduate of the University of California at Davis. Mr. Dawe is currently president of the Lost Hills Water District and also serves on the board of directors of the Kern-Tulare Water District and the Belridge Water Storage District. He has been a member of the district board since December 1977 and his present term will expire in November 1979.

## ROBERT J. VIGNOLO, Board Member

Mr. Vignolo is a partner in Vignolo Farms. He is a graduate of the University of Southern California and has completed two years of post graduate studies in agricultural management at the University of California at Davis. He has been a member of the district board since March 1976 and his current term will expire in November 1979.

## JOHN L. JONES, District Manager

Mr. Jones has been employed by the District since 1975 and was appointed as district manager in March 1977. He has over sixteen years of experience in agricultural water operations and management, serving as chief watermaster of the Corcoran Irrigation District for more than seven years and as water supervisor for the Wheeler Ridge-Maricopa Water Storage District for over four years. Mr. Jones is a native of the San Joaquin Valley and attended the College of the Sequoia and Bakersfield College.

## Location

The District has an estimated population of 250 and is located in Kern County and parallels the eastside of Highway 99 just to the north of the City of Bakersfield. The District has a gross area of approximately 46,800 acres, of which about 44,775 is assessable acreage for 1977/78. The District is divided into nearly equal North and South sections by Poso Creek which is the only major water course within the District. Plate 1 on page 10 presents a diagram of the District's boundaries and the irrigation facilities constructed by the District.

Approximately 36,700 acres of land within the District are presently under full irrigation for production of a variety of agricultural crops.

## Employee Retirement Plan

The District currently has a total of 10 employees, all of whom are covered by Social Security. In addition, employees after 6 months service may elect to participate in a group annuity program underwritten by the Continental Assurance Group. The plan is financed by contributions of the employees and the District. Currently eight employees participate in the plan. The District's contribution to the plan for the period July 1, 1977 through June 30, 1978 totaled \$7,576.

## Water Supply

Landowners in the District meet their irrigation needs from three different water sources: State water via the District's participation in the Cross Valley Canal, Kern River water, and local wells.

The District contracted with the Kern County Water Agency in September, 1972 for a maximum annual entitlement of 45,000 acre-feet.

The District's contract with the Kern County Water Agency provides for water deliveries which commenced in 1975, with an initial entitlement of 24,400 acre-feet increasing to 45,000 acre-feet by 1990 and is shown below. The contract however does allow the District to advance the build-up and the District may exercise this option because low cost surplus water can be obtained to supply requests for water by landowners in excess of the entitlement in any year when surplus water is available.

### CAWELO WATER DISTRICT

#### Firm Water Entitlement (Acre-Feet)

Year	Entitlement
1975 .....	24,400
1976 .....	26,500
1977 .....	28,300
1978 .....	30,300
1979 .....	32,200
1980 .....	34,000
1981 .....	35,900
1982 .....	37,600
1983 .....	38,900
1984 .....	40,400
1985 .....	41,600
1986 .....	42,900
1987 .....	43,800
1988 .....	44,500
1989 .....	44,800
1990 .....	45,000

## Kern River Water Contract

The City of Bakersfield in May 1976 purchased from Tenneco West, Inc. its total Kern River water rights and its total interest in the Kern Island Water Company and the Kern River Canal & Irrigating Company.

In May 1976 the District executed a water purchase contract with the City of Bakersfield for the purchase by the District of Kern River water.

Under the terms of this contract the Cawelo Water District is permitted to purchase an aggregate total of 945,000 acre-feet of water over a 35-year period. Water is contemplated to be taken at an average of 27,000 acre-feet per year. The cost of the Kern River water is \$540,000 per year payable quarterly each January 1, April 1, July 1, and October 1 at the rate of \$135,000 per quarter with the first payment payable on January 1, 1977.

At the conclusion of the 35-year period (2011) the contract may be extended. The contract provides that the minimum amount of firm water that the District would be entitled to purchase in the extended term is 18,875 acre-feet annually. This amount may be increased depending upon the circumstances at that time. The price for this water will be based upon the equivalent costs of pumping from the North Kern water basin plus amortization and any taxes or assessments.

The significant benefit of this water contract to the District is that the Kern River water is less expensive than State water (presently about 11%) and the current price (\$20 per acre-foot) is fixed to the year 2011. Additionally it is delivered at the head-works of the Beardsley Canal and flows by gravity to the District's pump station B.

## Drought Effect

Along with all other agricultural users in Kern County the District was impacted by the 1975-1977 California drought. The District received only 8,000 acre-feet of water in 1976 from the Kern County Water Agency. The District also received 5,500 acre-feet of Kern River water which combined met about 50% of the water requirements of the 27,000 acre service area of the District. The balance of the water was obtained from on-farm wells. Through this combination of water sources farm production within the District was not impaired though water costs were excessive due to the higher costs of energy for pumping. During 1977 the District received 9,806

acre-feet of water from the Kern County Water Agency and 7,500 acre-feet of Kern River water.

As a result of the heavy 1977 winter rainfall, all of the State's water resource facilities and Lake Isabella, the Kern River source, are above normal and there currently exists a surplus of water. For 1978 the District anticipates using 27,000 acre-feet of Kern River water and 5,000 acre-feet of State water.

## Excess Land

As the District is in the service area of the California State Water Project, excess lands (over 160 acres for single ownership or 320 acres for husband and wife) are not subject to the provisions for the recording and 10-year forced re-sale as is generally required in federal water projects of the U.S. Bureau of Reclamation. Federal participation with the State Water Project will not therefore create a cloud to the title of the land.

## Topography and Climate

The terrain in the Cawelo Water District generally slopes downhill to the west with elevations varying from over 800 feet above sea level in the extreme

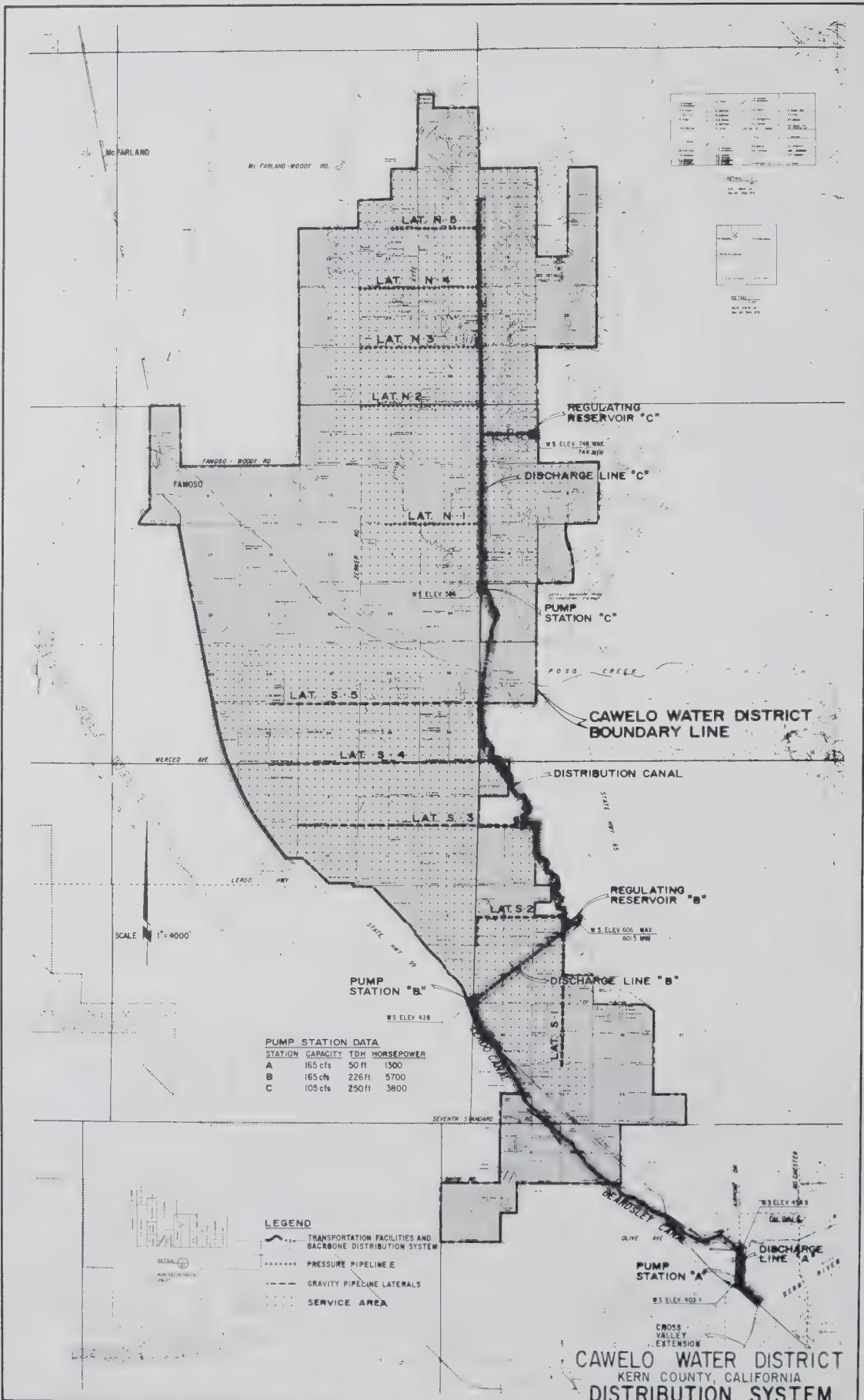
northeastern portion of the District to 400 feet in the western portion of the District. Ninety-eight percent of the District is above elevation 400. Slopes vary considerably with 35% of the area having slopes greater than 6%. The north portion of the District above Poso Creek is hilly with slopes ranging from 6% to 20%.

The climate of the area is characteristically sunny, dry and warm. Summers are relatively hot and dry. Winters are mild and semi-arid; frosts do occur in the area although data concerning their frequency is limited. Temperatures range from an average winter temperature of 50° to an average summer temperature of 80°. Precipitation averages 6.4 inches per year and generally occurs between the six months from November through April and is of little direct value to agricultural production since water use in these months is low. The greatest water requirement occurs during the summer months of June, July, and August.

The average length of the growing season in the area is from 250 to 300 days per year which is especially suitable for production of specialized high value field crops, such as cotton, potatoes, and vegetables, and for permanent crops, such as citrus, nuts and wine grapes.

Mature citrus groves extend over large portions of the District's northern region.





# PROJECT FACILITIES

The District's 1974 water project consisted of three major elements, a participation in the Cross Valley Canal project, capacity in existing canals, and a system of in-district distribution facilities.

The Cross Valley Canal project, which was completed in March 1975 and is fully operative, consists of approximately 16.5 miles of lined canal divided

into three reaches and an unlined extension canal of 4 miles. The facility begins at a turnout on the California Aqueduct near Tupman. The alignment stretches along the north side of the Kern River, terminating at the Friant-Kern Canal near the City of Bakersfield. The gradient of the canal is opposite to the natural slope of the land and a series of six pumping plants is required to lift the water to the use area. Participants in the Cross Valley Canal include, in addition to the Cawelo Water District, the Rosedale-Rio Bravo Water Storage District, Rag Gulch Water District, the Kern-Tulare Water District, the Kern County Water Agency Improvement District No. 4 (Urban Bakersfield) and the Arvin-Edison Water Storage District. The extent of participation for the first three reaches proposed for each of these entities, under ultimate conditions, and the method of cost allocation agreed to by each district is shown in

## PARTICIPATION IN CROSS VALLEY CANAL AND COST ALLOCATION RATIOS

Participant	Maximum Annual Entitlement (1000 AF)	Entitlement Ratio %	Maximum Capacity (cfs)	Capacity Ratio %	Average Ratio %
<b>REACH I</b>					
Arvin-Edison W.S.D. ....	70.0	24.98	210	28.54	26.76
Cawelo W.D. ....	45.0	16.05	135	18.34	17.20
Kern-Tulare W.D. ....	40.0	14.27	120	16.30	15.28
Rag Gulch W.D. ....	13.3	4.74	40	5.43	5.08
Rosedale-Rio Bravo W.S.D. ....	35.0	12.49	90	12.23	12.36
Urban Bakersfield I.D. No. 4 ....	77.0	27.47	141	19.16	23.32
Total ....	280.3	100.00	736	100.00	100.00
<b>REACH II</b>					
Arvin-Edison W.S.D. ....	70.0	26.07	210	29.75	27.92
Cawelo W.D. ....	45.0	16.75	135	19.12	17.94
Kern-Tulare W.D. ....	40.0	14.89	120	17.00	15.94
Rag Gulch W.D. ....	13.3	4.95	40	5.66	5.30
Rosedale-Rio Bravo W.S.D. ....	23.3	8.67	60	8.50	8.58
Urban Bakersfield I.D. No. 4 ....	77.0	28.67	141	19.97	24.32
Total ....	268.6	100.00	706	100.00	100.00
<b>REACH III</b>					
Arvin-Edison W.S.D. ....	70.0	28.54	210	32.51	30.53
Cawelo W.D. ....	45.0	18.34	135	20.90	19.62
Kern-Tulare W.D. ....	40.0	16.31	120	18.57	17.44
Rag Gulch W.D. ....	13.3	5.42	40	6.19	5.80
Urban Bakersfield I.D. No. 4 ....	77.0	31.39	141	21.83	26.61
Total ....	245.3	100.00	646	100.00	100.00

Source—Kern County Water Agency.



Table grapes being field packed in Superior Farming Company's vineyards and shipped directly to consumer markets.

the preceding summary. The participation in the extension canal is limited to the Cawelo Water District and Improvement District No. 4 of the Kern County Water Agency.

To transport the water from the terminus of the Cross Valley Canal to the District's southern boundary, the District, in December 1972, entered into a joint agreement with the North Kern Water Storage District and the Kern River Canal and Irrigation Company, a public utility (now owned by the City of Bakersfield).

Under this agreement, the District has a 165 cfs capacity in the existing Lerdo and Beardsley Canals. Under the agreement the District was required to and has enlarged the canals and appurtenances to handle the increased flows.

The District's internal distribution system which was completed in October 1975 is designed to a capacity of 165 cfs south of Poso Creek and 105 cfs north of Poso Creek. The present distribution system of pipelines, canals and regulatory reservoirs presently serves approximately 27,000 acres of the District's 36,680 irrigable acres. An additional

2,000 acres is in the preliminary stages of being added to the service area. The remainder of the District outside of the service area pumps from the underground to meet their irrigation needs. With principal portions of the District's water requirements being met by surface water the demands on the underground basin are greatly relieved.

A diagram of the District's water system is presented in Plate 1 on page 10.

### **Disposition of Series B Bond Proceeds**

The proceeds of the Series B Bonds are to be utilized by the District to meet its share of overruns in the estimated costs of land and rights-of-way in connection with the Cross Valley Canal. The amount of the District's share has been estimated by the Kern County Water Agency, the agency which administers the Cross Valley Canal. The estimate is believed to be conservative and to the extent that the actual awards and/or settlements are less than estimated, the balance of the Series B bond proceeds will be used to extend the District's water distribution system to new service areas.

The components of the Series B Bonds are as follows:

#### CAWELO WATER DISTRICT

#### Disposition of Bond Proceeds

Land and rights-of-way .....	\$1,588,000
Capitalized interest (13 months) .....	144,083
Bond reserve fund .....	80,000
Bond issuance costs .....	52,917
Bond discount allowance .....	35,000
Total .....	<u><u>\$1,900,000</u></u>

#### Agricultural Economics

The soil classification of lands within the District is shown in the following summary. Approximately 97 percent of the lands are classified as V and H soils, both of which are of good quality and irrigability. The lands in the Cawelo Water District are capable of producing a wide variety of crops and

90 percent of the irrigable lands have already been prepared for irrigation. Compared to other areas being irrigated or planned for irrigation in the Kern County Water Agency, the lands in the Cawelo Water District are considered to have an advantage resulting from the quality of soil, freedom from alkali, and generally favorable climate and topography.

Present land use and cropping patterns as of December 1977 for the areas lying north and south of Poso Creek and for the total District are presented in Table 2. As shown in this tabulation, an estimated 43,425 net acres are considered irrigable. Approximately 36,680 net acres are presently under full irrigation, including 22,403 acres planted to permanent crops. An additional 4,572 acres are growing dry-farmed or partially irrigated grain crops. Thus, nearly 95 percent of the District's irrigable lands are now under irrigation. Approximately 2,200 net irrigable acres remain either partially developed or undeveloped. The bulk of this area is located in the northeastern portion of the District.

The District's Operations Center is manned on a continuous 24-hour basis. All District facilities are constantly monitored for proper operation.



## CAWELO WATER DISTRICT

### Land Classification

Soil Class	Definition	Acreage	Percentage of District
V	Medium to deep root zones, permeable, no salinity or alkalinity, suitable for all climatically adapted crops. Slope less than 6%.	29,030	62.0
H	Permeable, medium to deep root zone. Slope 6 to 20% maximum.	16,300	34.8
Hp	Slope 6 to 20%. Shallow depth of effective root zone.	830	1.8
N	Not classified.	640	1.4
	<b>TOTAL</b>	<b>46,800</b>	<b>100.0</b>

Source—State of California Department of Water Resources, 1958, Classification of Lands. Compiled by Boyle Engineering Corporation.

**Table 2**

### CAWELO WATER DISTRICT—1977 Land Use

	Area North of Poso Creek	Area South of Poso Creek	Totals
<b>IRRIGATED ACREAGE:</b>			
Open land:			
Row and sprinkler irrigated .....	2,474	11,803	14,277
Vineyards:			
Grapes .....	804	2,278	3,082
Kiwifruit .....	6	810	2,278
		—0—	6
			3,088
Orchards:			
Almonds .....	4,153	2,167	6,320
Pistachios .....	1,660	105	1,765
Walnuts .....	—0—	19	19
Apricots .....	79	—0—	79
Peaches .....	20	—0—	20
Plums .....	250	39	289
Prunes .....	216	—0—	216
Avocados .....	13	—0—	13
Citrus .....	7,072	1,575	8,647
Figs .....	580	732	1,312
Olives .....	617	—0—	617
Pomegranates .....	—0—	12	12
Experimental—Miscellaneous fruits and nuts .....	6	—0—	6
On-farm improvements .....	①	14,666	①
			4,649
		17,950	18,730
			36,680
<b>TOTAL Irrigated Acreage .....</b>			
<b>NON-IRRIGATED ACREAGE:</b>			
Commercial .....	344	480	824
Residential .....	—0—	77	77
Raw and undeveloped .....	1,659	514	2,173
Dry-farmed .....	4,305	267	4,572
Miscellaneous: State and County .....	262	810	1,072
Total Non-Irrigated Acreage ..	6,570	2,148	8,718
<b>TOTAL ACREAGE .....</b>	<b>24,520</b>	<b>20,878</b>	<b>45,398②</b>

① Included in farmed acreage. ② Excludes approximately 1,402 acres detached in 1976. Source: Alliance Appraisal Company report dated February 1, 1978.

# FINANCIAL DATA

The assessed valuation of land in the District is determined by the Kern County Assessor for County purposes. Land valuations may be used for the basis of District ad valorem assessments (taxes), however, these valuations have not been used for District tax purposes as all District expenses have been met by assessments on benefitted land. The District is, however, within the jurisdiction of other taxing entities and the total assessed valuation of the District is subject to taxation by these entities.

The California State Board of Equalization reports the 1977/78 Kern County valuations to average 23.5% of full value except for public utility property, which is assessed by the State at about 25% of full cash value.

A summary of the 1977/78 assessed valuation compiled from the individual parcels and tax code areas which comprise the District is shown below. Included in these valuations are exemptions for business inventory and homeowners exemptions estimated at \$285,661, applicable to the secured roll. Revenues lost by taxing agencies as a result of these exemptions are reimbursed by the State.

## CAWELO WATER DISTRICT

### Estimated 1977/78 Assessed Valuation

#### Secured Roll:

Land only .....	\$ 5,500,548
Improvements .....	8,165,231
Personal Property .....	1,268,530
	<hr/>
	14,934,309 <sup>①</sup>
Utility Roll .....	2,066,672 <sup>②</sup>
Unsecured Roll .....	2,348,851 <sup>②</sup>
	<hr/>
Total .....	\$19,349,832

<sup>①</sup> Excludes minerals and mineral rights estimated at \$6,371,768.

<sup>②</sup> Estimated.

The following is a summary of the assessed valuation of land and all property within the District

since 1968/69. Subsequent to the 1974/75 fiscal year when the District assumed its own assessment collection procedures no official county tax roll has been maintained. Assessed valuations for the District for the fiscal years subsequent to 1973/74 are not available as the County does not maintain tax rolls for public agencies collecting their own taxes or assessments.

## CAWELO WATER DISTRICT

Fiscal Year	Assessed Valuation	
	Land Only	All Property
1968/69 .....	\$6,094,590	\$11,551,310
1969/70 .....	5,872,240	11,645,150
1970/71 .....	5,447,120	11,812,850
1971/72 .....	5,238,000	12,387,510
1972/73 .....	5,166,810	11,478,900
1973/74 .....	5,177,390	12,597,060

Approximately 70 percent of the District's lands have been placed in Agricultural Preserve Contracts and Agreements, pursuant to the Open Space Land Valuation Law of 1967. The effect of this law is to require the County Assessor to determine the value of such land by capitalizing the "economic rent" as an approach to fair market value. Therefore, the assessed valuation of District lands is not the best basis for determining market value. In connection with the issuance of the Series A Bonds an appraisal, dated December 1, 1973, was prepared by the Alliance Appraisal Company of Bakersfield which indicated a fair market value of land and on-farm improvements in the District, to be \$78,369,000. In 1977 the District directed Alliance Appraisal Company to update the market value of the District. The Company's report dated February 1, 1978 indicated that the market value of the lands and on-farm improvements in the District as of December 30, 1977 is \$99,368,800. A copy of the appraiser's transmittal letter is presented as Appendix A of this Official Statement.

## District Assessments

The Cawelo Water District had the power to levy an ad valorem assessment (tax) on the assessed valuation of land only for District operating purposes. However, since formation the District until 1973/74 did not use the ad valorem assessment but rather assessed the land within the District on a

## CAWELO WATER DISTRICT

### Assessments and Delinquencies

Fiscal Year	Assessment Rate Per Acre	Total Charge	Delinquent June 30	Percent Delinquent
1967/68 . . . . .	\$ 1.25	\$ 56,592	\$ 2,112	3.73%
1968/69 . . . . .	3.00	135,924	1,100	.81
1969/70 . . . . .	3.00	135,632	3,393	2.50
1970/71 . . . . .	3.00	136,237	5,018	3.68
1971/72 . . . . .	3.00	134,628	2,298	1.71
1972/73 . . . . .	3.00	134,545	5,162	3.84
1973/74 . . . . .	3.00	134,184	10,371	7.73
1974/75 . . . . .	3.00	134,144	8,563	6.38

Source: Kern County Tax Collector.

benefit basis. Assessments are established by the District on a per acre basis and were through 1974/75 collected by the County Tax Collector at the same time and on the same tax bill as taxes for county, school and other special district taxes. County taxes were due and payable on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. A summary of District assessments and delinquencies for this period is shown above. The higher delinquency in 1973/74 and 1974/75 was due in part to the drought.

Beginning in the fiscal year 1975/76 the District elected to operate on a combined acreage assessment, standby charge and water toll basis. All District assessments, special assessments, standby charges and water tolls are levied and collected by the District on a calendar year basis. For the 1976 year the assessment rate was a uniform \$3.00 per acre for all District lands. In 1976 a special assessment procedure was adopted to assess land on a developed or undeveloped use.

The lands subject to this special assessment and rates applicable are as follows:

## CAWELO WATER DISTRICT

### Special Assessments

Calendar Year	Developed Acreage	Rate Per Acre	Undeveloped Acreage	Rate Acre
1976 . . .	39,940	\$15.00	4,200	\$5.00
1977 . . .	40,295	20.00	3,845	6.50
1978 . . .	40,464	20.00	4,464	6.50

Special assessments for the 1978 year were adopted by the District on May 1, 1978 and became effective June 6, 1978. Pursuant to Section 35539 of the Water Code the special assessments are payable in two installments, the first installment becomes delinquent November 6, 1978 and the second is delinquent after March 6, 1979.

Upon delinquency, a penalty of five percent of the delinquent assessment is added and the property is sold to the District. Also, by policy, the District will not provide water to property not current on its assessments.

Property sold to the District for delinquent assessments may be redeemed within three years of the date it was conveyed to the District. The redemptioner must pay the amount of delinquent assessments and the penalties, together with interest on that amount at 9 percent per year from the date of delinquency, but not less than  $\frac{3}{4}$  of 1 percent for any portion of a month. In addition, the redemptioner must pay the recorder's fees and the cost of publication of the notice of delinquency.

If the property is not redeemed after three years, the District tax collector records a collector's deed conveying title on the property to the District. Taxes levied for state, county, and other municipal purposes remain as a lien on the property. Title acquired by the District may be sold at public auction or private sale.

Property sold for delinquent assessments is still assessed during the three years, as if it never had been sold to the District.

Table 3 presents a summary of the major landowners in the District subject to the special assessments for 1978.

## Water Tolls and Standby Charge

The District currently has a water service area of approximately 27,000 acres. Water is delivered to District landowners via the District's distribution system. There are two pressure zones designated as north of Poso Creek and south of Poso Creek. For the 1978 water year, water tolls have been set at \$30 per acre foot north of Poso Creek and \$20 per acre foot south of Poso Creek and the standby charge has been set at \$50 per acre. District policy requires that no water will be delivered to any landowner who is delinquent in water tolls, standby or special assessments.

The standby charge is applicable against all acreage in the water service area. Water tolls charge must be paid within 30 days after each delivery. A summary of District water tolls and standby charges since 1975, the first year of water deliveries, is as follows:

Year	Water Tolls Per Acre-Foot		
	South of Poso Creek	North of Poso Creek	Standby Charge <sup>①</sup>
1975 ....	\$42.50	\$50.00	\$—
1976 ....	42.50	50.00	10
1977 ....	42.50	50.00	10
1978 ....	20.00 <sup>②</sup>	30.00 <sup>③</sup>	50

<sup>①</sup> Per acre—annually.

<sup>②</sup> First half acre-foot at rate of \$35 per acre-foot.

<sup>③</sup> First half acre-foot at rate of \$45 per acre-foot.

## Tax Rates

Tax rates in the District for county and other special districts for 1977/78 range from \$8.5592 to \$10.1048 per \$100 assessed valuation.

Tax rates per \$100 assessed valuation for Code Area 91-13 for all county, school and special district purposes for the years 1969/70 through 1976/77 are as follows:

## Code Area 91-13

Fiscal Year	Total Tax Rate Per \$100 A.V.
1969/70 .....	\$ 8.5215
1970/71 .....	9.6985
1971/72 .....	10.4041
1972/73 .....	10.7139
1973/74 .....	10.4545
1974/75 .....	10.2543
1975/76 .....	10.5890
1976/77 .....	10.5365

The total 1977/78 tax rate for the largest tax code area (1977/78 secured assessed valuation \$4,438,638) in the District for purposes other than District functions is \$10.1048 and is composed of the following tax levies:

## Code Area 91-13—1977/78 Tax Rate

Kern County .....	\$ 2.5996
Fire Protection .....	.6612
North Kern Cemetery District .....	.1600
No. Kern-So. Tulare Hospital District ..	.0792
Delano Mosquito Abatement District ..	.1622
McFarland Rec. and Park District .....	.4541
Kern County Water Agency .....	.0450
Kern County Water Agency Zone No. 1 ..	.1490
McFarland School District .....	2.4266
Kern High School District .....	2.4269
Kern Community College District .....	.7300
Other Educational Purposes .....	.2110
	\$10.1048

## Revenue and Expenses

Table 4 presents a general summary of the revenue and expenses of the Cawelo Water District as reported by the District's certified public accountant Sheats, Willman & Woken, Bakersfield, California for the fiscal years 1968/69 through 1975/76.

A detailed summary for fiscal year ended June 30, 1977 and the six-month period ending December 31, 1977 is presented in Table 5. Beginning in 1978, the District is maintaining its accounting year on a calendar basis to be consistent with its water year accounting.

The District's balance sheet as of December 31, 1977 is presented in Table 6, and the District's statement of direct and estimated overlapping bonded debt as of September 27, 1978 is shown in Table 7.

**Table 3**  
**CAWELO WATER DISTRICT**  
**Major Landowners by Acreage—June 1978**

Owner	Acreage
Getty Oil Company . . . . .	8,730.62
Superior Farming Company . . . . .	7,716.50
Vignolo, C. J. & Jane K. . . . .	1,954.11
West, Mrs. Ethel M. . . . .	1,898.33
San Jose Ranch N. V., Inc. . . . .	1,617.51
Paramount Citrus Association, Inc. . . . .	1,566.31
Bidart Brothers . . . . .	1,184.33
Roberts Farms Inc. . . . .	952.11
Laborde, J. & Roberts Farm . . . . .	815.94
Levinson, Albert & Lillian . . . . .	789.54
Lane, Marvin A. . . . .	732.10
Camp, S. A. Ginning Company . . . . .	671.05
Buttes Farmland Development Company . . . . .	624.05
Chevron U. S. A. . . . .	613.98
Mettler, Reynold M. . . . .	537.23
Vignolo, Robert J. & Marilyn C. . . . .	514.54
Tikal, Manfred A., Trustee . . . . .	513.84
Security Pacific National Bank, c/o Al Brunetti . . . . .	479.07
Jasmin Groves Company . . . . .	453.15
Tejon Ranch Feedlot, Inc. . . . .	441.27
Kern, County of . . . . .	426.75
Sill Properties . . . . .	424.95
Treecrop Company . . . . .	417.41
Smith, Zane, Z/B Farms . . . . .	416.70
Paramount Growers . . . . .	416.66
Zaninovich, Marko, Inc. . . . .	399.11
Mettler, Clifford A. . . . .	301.22
Estrada, Arthur G. . . . .	299.24
Section Six, c/o John Boreta . . . . .	295.35
W. B. Camp . . . . .	294.05
Zimmerman, Julia Murray & Murray C., Trustees . . . . .	277.75
Universal Farming No. 105, c/o Advisors Equity . . . . .	263.02
Castanchoa Farms . . . . .	240.88
Wilkinson, Jack T., et al. . . . .	240.00
Lassman, Hal A. . . . .	237.98
Snell, Dale F. . . . .	236.36
California Citrus . . . . .	233.63
Kern Citrus Ranch . . . . .	223.25
Lili Development N. V. . . . .	220.91
Sabater, S. A., c/o Watson Realty Co. Agric. Div. . . . .	216.54
Argue, John C., et al. . . . .	204.11
Kelly, Verna I. . . . .	195.00
Wallichs, Glenn, Estate of . . . . .	186.66
Gillum, T. A. & Caraker, W. A. . . . .	182.70
McFaremont Properties, c/o Dale Snell . . . . .	160.00
Robertson, Lloyd A., et ux. . . . .	160.00
Capital Almond Ranch . . . . .	160.00
Mettler, Raymond J. . . . .	160.00

Source: Cawelo Water District.

Table 4

## CAWELO WATER DISTRICT—Statement of Revenues and Expenses Fiscal Year Ending June 30

	1969	1970	1971	1972	1973	1974	1975	1976
<b>REVENUES:</b>								
Water tolls standby fees .....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 465,385
Current year's assessments .....	134,224	130,615	130,403	130,199	129,079	122,181	121,839	135,393
Prior year's assessments .....	2,070	3,553	2,289	7,744	2,547	5,875	11,335	—
Interest .....	1,907	4,540	3,487	12,092	29,725	262,781 <sup>③</sup>	1,631,719 <sup>④</sup>	311,413 <sup>⑤</sup>
Miscellaneous .....	—	438	10,105 <sup>①</sup>	23,383 <sup>②</sup>	10	—	42,792	27,932 <sup>⑥</sup>
	\$138,201	\$139,146	\$146,284	\$173,418	\$161,361	\$390,837	\$1,807,685	\$940,123
<b>EXPENSES:</b>								
Professional services .....	\$ 6,330	\$ 6,871	\$ 6,985	\$ 11,788	\$ 11,687	\$ 12,014	\$ 17,307	\$ 13,930
Directors' fees .....	775	900	430	730	3,425	5,375	3,150	4,050
Other administrative expenses .....	1,350	1,987	1,382	2,451	2,485	5,863	7,145	41,923
Water purchases .....	—	69,499	5,432	—	—	52,186	164,500	287,774
Pumping costs .....	—	—	—	—	—	—	—	169,707
Salaries .....	—	—	—	—	2,005	20,377	49,994	88,390
	\$ 8,455	\$ 79,257	\$ 14,229	\$ 14,969	\$ 19,602	\$ 95,815	\$ 242,096	\$ 605,774
<b>REVENUES OVER EXPENSES .....</b>	<b>\$129,746</b>	<b>\$ 59,889</b>	<b>\$132,055</b>	<b>\$158,449</b>	<b>\$141,759</b>	<b>\$295,022</b>	<b>\$1,565,589</b>	<b>\$334,349</b>

<sup>①</sup> Sale of water.<sup>②</sup> Refund of 1971 variables and water costs.<sup>③</sup> Includes construction interest of \$244,532.<sup>④</sup> Includes construction fund interest of \$1,591,279.<sup>⑤</sup> Includes construction fund interest of \$217,900 and bond fund interest of \$72,972.<sup>⑥</sup> Includes standby fees of \$14,890.

Table 5

## CAWELO WATER DISTRICT

	Statement of Revenue and Expenses For the Fiscal Year Ended June 30, 1977				Statement of Revenue and Expenses For the Six-Month Period Ended December 31, 1977			
	Total	General Fund	Construction Fund	Bond Fund	Total	General Fund	Construction Fund	Bond Fund
<b>REVENUE:</b>								
Water tolls and standby fees .....	\$1,600,490	\$1,600,490	\$	\$	\$ 158,694	\$ 158,694	\$	\$
Current year assessments .....	579,071	579,071			—	—		
Prior year assessments .....	10,040	10,040			35,337	35,337		
Interest earned .....	198,976	19,567	96,682	82,727	79,853	8,709	35,057	36,087
Other .....	19,161	19,161			133	133		
	<u>\$2,407,738</u>	<u>\$2,228,329</u>	<u>\$ 96,682</u>	<u>\$ 82,727</u>	<u>\$ 274,017</u>	<u>\$ 202,873</u>	<u>\$35,057</u>	<u>\$ 36,087</u>
<b>EXPENSES:</b>								
Water cost .....	\$1,119,072	\$1,119,072	\$	\$	\$ 250,649	\$ 250,649	\$	\$
Pumping cost .....	351,629	351,629			198,314	198,314		
Salaries .....	125,143	125,143			55,692	55,692		
Employee benefits .....	6,698	6,698			10,888	10,888		
Fuel .....	11,277	11,277			3,851	3,851		
Supplies and material .....	17,223	17,223			10,414	10,414		
Communication .....	3,691	3,691			1,887	1,887		
Professional fees .....	26,467	26,467			34,198	34,198		
Rent .....	3,237	3,237			2,121	2,121		
Travel .....	3,356	3,356			1,929	1,929		
Repairs .....	15,153	15,153			15,762	15,762		
Directors fees .....	3,675	3,675			1,575	1,575		
Insurance .....	24,400	24,400			40,051	40,051		
Memberships and publications .....	10,279	10,279			1,985	1,985		
Office expense .....	4,340	4,340			2,135	2,135		
Other .....	37	37			544	544		
Fiscal agents fees .....	1,693		818	875	812			812
Interest .....	<u>1,541,070</u>		<u>770,535</u>	<u>770,535</u>	<u>768,435</u>			<u>768,435</u>
	<u>\$3,268,440</u>	<u>\$1,725,677</u>	<u>\$ 771,353</u>	<u>\$ 771,410</u>	<u>\$ 1,401,242</u>	<u>\$ 631,995</u>	<u>\$ —</u>	<u>\$ 769,247</u>
<b>EXCESS OF REVENUE OR (EXPENSES) .....</b>								
	<u>(\$ 860,702)</u>	<u>\$ 502,652</u>	<u>\$(674,671)</u>	<u>\$(688,683)</u>	<u>\$(1,127,225)</u>	<u>\$(429,122)</u>	<u>\$35,057</u>	<u>\$(733,160)</u>

**Table 6****CAWELO WATER DISTRICT****All Funds Balance Sheet****December 31, 1977**

	Total	General Fund	Construction Fund	Bond and Bond Reserve Funds	Fixed Asset Fund
<b>ASSETS AND OTHER DEBITS:</b>					
Total fixed assets .....	\$23,595,073	\$	\$	\$	\$23,595,073
Allowance for depreciation .....	(871,005)				(871,005)
Turnout costs .....	47,204				47,204
Cash .....	177,163	84,068	52,743	40,352	
Temporary investments .....	2,041,920	275,000	900,000	866,920	
Accounts receivable .....	86,624	86,624			
Accrued interest receivable .....	8,773	266	1,912	6,595	
Deposit with Four Water Districts Commission .....	3,000	3,000			
Due from other funds .....	25,175	25,175			
Provision for retirement of loan payable .....	1,800,000	1,800,000			
Provision for retirement of bonds .....	22,940,000	22,940,000			
	<u>\$49,853,927</u>	<u>\$25,214,133</u>	<u>\$954,655</u>	<u>\$913,867</u>	<u>\$22,771,272</u>
<b>LIABILITIES AND OTHER CREDITS:</b>					
Accounts payable .....	\$ 270,003	\$ 25,400	\$244,603	\$	\$
Payroll taxes payable .....	2,398	2,398			
Due to other funds .....	25,175		25,175		
1978 water deposits .....	401,974	401,974			
Loan payable, State of California .....	1,800,000	1,800,000			
Bonds payable .....	22,940,000	22,940,000			
	<u>\$25,439,550</u>	<u>\$25,169,772</u>	<u>\$269,778</u>	<u>\$</u>	<u>\$</u>
<b>FUND BALANCES</b> .....	<u>24,414,377</u>	<u>44,361</u>	<u>684,877</u>	<u>913,867</u>	<u>22,771,272</u>
	<u><u>\$49,853,927</u></u>	<u><u>\$25,214,133</u></u>	<u><u>\$954,655</u></u>	<u><u>\$913,867</u></u>	<u><u>\$22,771,272</u></u>

Cawelo Water District Pump Station B.



**Table 7****CAWELO WATER DISTRICT****Statement of Direct and Estimated Overlapping Bonded Debt**

Estimated 1978 Population .....	250	
1977/78 Assessed Valuation①		
Land Only .....	\$ 5,500,548	
All Property .....	19,349,832	
Estimated Market Value .....	99,368,800②	

	Percent Applicable	Debt Applicable September 27, 1978
Cawelo Water District .....	100. %	\$24,700,000③
Beardsley School District .....	14.034	74,380
Richland School District .....	18.445	31,357
Kern County Jr. Community College District (1915 Act) .....	2.283	3,425
Total Direct and Estimated Overlapping Bonded Debt .....		24,809,162④

	Ratio to			Per 1977/78 Assessable Acre⑥	
	Assessed Valuation		Estimated Market Value		
	Land Only	All Property⑤ (\$25,721,600)			
Direct Debt .....	449.05%	96.03%	24.86%	\$53	
Total Debt .....	451.03	96.45	24.97		

① The State Board of Equalization reports that 1977/78 Kern County assessed valuations average 23.5 percent of full value. Public utility property (estimated \$2,066,672) is assessed at about 25 percent of full value.

② Per independent appraisal by Alliance Appraisal Company, dated February 1, 1978. Excludes debt to be paid.

③ Includes \$1,900,000 Series B, 1974 Water Bonds to be sold September 27, 1978.

④ Does not include sales, if any, between August 17, 1978 and September 27, 1978.

⑤ Includes mineral rights and minerals estimated at \$6,371,768.

⑥ Based upon 46,238 assessable acres which includes 1,466 acres of detached land which remain liable for the District's 1974 Bonds. Average market value per assessable acre is \$2,219.

# THE ECONOMY OF KERN COUNTY

Kern County is the third largest county in California, covering 8,152 square miles at the southern end of the San Joaquin Valley. Approximately one-third of the county's total area lies in a prime agricultural area on the valley floor, making possible the county's pre-eminent position in agribusiness. The county extends from the Sierra Nevada and the Mojave Desert in the east to the lower reaches of the Coast Range on the west, with the Tehachapi Mountains forming the southern border.

There are three distinct climatic zones in the county—valley, mountain, and high desert. Elevations range from 205 feet on the valley floor near Delano to 8,755 feet at Sawmill Mountain in the southwestern part of the county. Portions of Sequoia National Forest lie within the county. The California Aqueduct traverses the county, bringing water from Northern California to Southern California.

Kern County has consistently ranked either second or third among all counties in the nation in value of agricultural production. Although agriculture continues to be a dynamic growth factor, gains in manufacturing, government, tourism, trade and services employment impart stability and growing strength to the local economy.

Kern County ranks first among the eight counties in the San Joaquin Valley with respect to expenditures by the Defense Department. Highly skilled personnel at Edwards Air Force Base and the Naval Weapons Center, China Lake, receive above-average salaries because of the sensitive work at these installations.

Production of hydrocarbons and other minerals is a leading industry in the county. Opening of the Elk Hills Naval Petroleum Reserve north of Taft to commercial production has increased local supplies of crude oil and led to stepped-up refinery production. The county has eight petroleum refineries.

There are eleven incorporated cities in Kern County. About 24 percent of Kern County residents

live in Bakersfield, a city of more than 86,000 inhabitants, located 113 miles north of Los Angeles and 291 miles southeast of San Francisco. Other cities, with January 1, 1978 estimated populations, are Delano (15,650), Ridgecrest (14,600), Wasco (8,975), Shafter (6,550), Arvin (6,150), Taft (4,710), McFarland (4,690), Tehachapi (3,970), California City (2,560), and Maricopa (740). Approximately 57 percent of all county residents live in unincorporated areas. The entire county is identified as the Bakersfield Metropolitan Area by the Census Bureau, U.S. Department of Commerce.

## County Government

Incorporated April 2, 1866, Kern County functions under the general laws of the State of California. County administrative offices are centered at Civic Center in Bakersfield, the county seat. The Board of Supervisors is composed of five members elected to represent individual districts. The Board appoints a County Administrative Officer to oversee operational matters. Elected county officials include the Sheriff, District Attorney, and County Counsel.

In addition to an Airports Department, a Fire Department, and a Parks and Recreation Department, the county operates three golf courses, two museums, 33 library branches supplemented by a bookmobile, Pioneer Village, and the Kern Medical Center.

## Population and Housing

Kern County's population as of January 1, 1978 was estimated at 363,756 by the State Department of Finance. This total is 11.1 percent greater than the 1970 U.S. Census. By July 1, 1985 the county will have a population of 410,000, based on a projection by the same agency. The most recent U.S. Census tabulations are presented below.

The 1970 Census of Housing reported 109,815 all-year housing units in the county, of which 88 percent were single-family dwellings. Owner-occupied houses constituted 59.5 percent of all occupied units and had a median value of \$14,400. Rental units had a median monthly rental of \$77. There were 2.8 persons per household at the time of the census.

The Kern County Planning Commission prepared a special population and housing report in July 1975. The total county housing inventory was estimated at 132,250, with 112,650 occupied units reported.

## U.S. Census of Population

Census Year	Kern County	Percent Change	State of California	Percent Change
1940 .....	135,124	—	6,907,387	—
1950 .....	228,309	69.0%	10,586,223	53.3%
1960 .....	291,984	27.9	15,717,204	48.5
1970 .....	330,234	13.1	19,953,134	27.0

Source: Bureau of the Census. U.S. Department of Commerce.

## Personal Income

For 1975 (latest year available), total personal income in Kern County was \$1,995,119,000 and per capita personal income was \$5,741, according to estimates by the U.S. Department of Commerce. The following tabulation shows gross sources of income, with no adjustment for payroll deductions. Wages and salaries account for approximately 60 percent of gross income.

### KERN COUNTY

#### Personal Income Sources 1975

Component	Amount	Percent
Wages and Salaries .....	\$1,273,020,000	59.8%
Other Labor Income .....	64,383,000	3.0
Proprietors' Income .....	298,372,000	14.0
Property Income .....	204,293,000	9.6
Transfer Payments .....	290,260,000	13.6
Total① .....	\$2,130,328,000	100.0

① Gross amount. Contributions for social insurance not shown.

Median 1975 adjusted gross income on state income tax returns was \$10,116, placing Kern County 13th among California counties (Franchise Tax Board).

A study by United California Bank projects 1978 total personal income of \$2.7 billion in Kern County, and median family income of \$17,105. These projections represent increases of 10% and 7%, respectively, over 1977 levels.

## Employment

Government, agriculture, and retail trade are the principal sources of wage and salary employment in Kern County. Also important in generating jobs are personal services (largely health services), mining, and manufacturing.

Between 1972 and 1977 the total number of wage and salary workers in the county increased 28,300, to a total of 112,200 nonagricultural employees and 27,800 agricultural workers for the full year 1977. During the five-year interval, the largest gains in wage and salary employment were reported in retail trade (4,500), services (4,300), agricultural services (4,200), agricultural production (4,100), state and local government (4,000), and mining (2,900). Agriculture, considered a poor source of jobs just a few years ago because of advances in mechanization, has proved to be one of the strongest job-producing economic activities in the county.

The most recent report of county employment, from the State Department of Employment Development, covers the month of April 1978. As noted in the summary on page 26, the civilian labor force totaled 170,500, total civilian employment was 154,400, and the resulting unemployment rate was 9.5%. Increased employment of 9,200 since the previous April resulted in a drop in the unemployment rate. Wage and salary employment increased 3.1% during the year, with the largest percentage gains in mining, manufacturing, and retail trade.

Wages paid by industry in Kern County are available for the year 1976, based on employer reports under payroll withholding regulations. A summary of this annual report is shown on page 26. Agriculture and trade have the largest aggregate payrolls in the private sector. Local government and the federal government lead public employer payrolls.

## KERN COUNTY MAJOR EMPLOYERS

### 150 or More Employees

Firm	Product or Service	Employees
Kern County	Government	5,100
Edwards Air Force Base	Defense	4,892 <sup>①</sup>
Naval Weapons Center, China Lake	Defense	4,069 <sup>①</sup>
Kern Community College District	Education	3,000
Tenneco West, Incorporated	Agricultural Processing, Marketing	1,520
Giumarra Vineyards and Farms	Bulk Wine	1,250
Pacific Telephone Company	Utility	1,094
U. S. Borax Company	Mining, Refining	1,000
Superior Farming Company	Agriculture	1,000
Southern Pacific Company	Transportation	850
Continental Telephone Company	Utility	780
Getty Oil Company	Petroleum Products	750
California State College, Bakersfield	Education	690
Chevron U.S.A.	Petroleum Products	669
California Almonds, Incorporated	Almond Products	560
Pacific Gas and Electric	Utility	545
Roberts Farms, Incorporated	Agriculture	500
Berrenda Mesa Farming	Agriculture	500
Tejon Ranch Company	Ranching, Feedlot Operations	500
Lion Oil Company (Tosco Corp.)	Petroleum Products	500
City of Bakersfield	Government	500
Hopper, Incorporated	Fabricated Steel Products	500
Santa Fe Railway	Transportation	450
Yurosek & Sons, Incorporated	Agriculture	450
Belridge Farms	Agriculture	400
Belridge Packing Company	Food Products	400
California Correctional Institution	State Facility	350
Paramount Citrus	Food Products	350
Pandol & Sons Farms	Agriculture	350
Williams Bros. Engineering	Engineering	340
Minnehoma Land & Farming (Getty)	Agriculture	335
Atlantic Richfield Oil Company	Petroleum Products	312
Occidental Petroleum Corporation	Petroleum Products	310
Calcot, Ltd.	Cotton Marketing	307
Belridge Oil Company	Petroleum Products	291
Pacific Southern Foundries	Primary Metals	279
The Bakersfield Californian	Publishing	275
Gulf Oil Corp.	Petroleum Products	266
Mobil Chemical Corporation	Polystyrene Products	250
S. A. Camp Companies	Cotton Ginning	225
California Portland Cement Co.	Cement	220
Jackson & Perkins	Nursery Products	220
General Electric (Mojave & Edwards)	Aviation Services	200
Oilfield Construction Company, Inc.	Oilfield, Industrial Construction	200
Shell Oil Company	Petroleum Products	197
Blackwell Land Company	Agriculture	184
Mobil Oil Corporation	Petroleum Products	182
Kern County Equipment Co.	Farm Equipment Sales	181
Comarco, Incorporated	Engineering	180
Bolthouse Farms, Incorporated	Agriculture	175
Perelli-Mineti Winery	Brandy, Vermouth, Wine	175
W. B. Camp Farms	Agriculture	175
Sierra Bag Co.	Containers for Farm Products	170
Goodyear Foam Products	Automotive Foam Cushions	165
Ranchers Cotton Oil	Cottonseed Oil	165
Witco Chemical Corporation (Golden Bear Div.)	Petroleum Specialty Products	153
Armstrong Nurseries	Nursery Products	150
Monolith Cement Company	Cement	150
Rain for Rent	Aluminum Castings and Pipe	150
Excel Minerals	Petroleum Products	150
Flight Systems Inc.	Aviation Services	150

<sup>①</sup> Civilian employees only.

Source: Kern County Board of Trade and various directories.

## KERN COUNTY

### Labor Force and Employment

Classification	April 1978	April 1977	Percent Change
Civilian Labor Force① .	170,500	161,400	5.6%
Total Employment① . . .	154,400	145,200	6.3
Unemployment Rate . . .	9.5%	10.0%	—
Wage and Salary Employment②:			
Agriculture . . . . .	24,000	23,200	3.4
Mining . . . . .	9,600	9,000	6.7
Construction . . . . .	5,400	5,300	1.9
Manufacturing . . . . .	9,000	8,600	4.7
Transportation, Utilities . . . . .	6,800	6,700	1.5
Wholesale Trade . . . . .	6,400	6,500	(1.5)
Retail Trade . . . . .	22,500	21,600	4.2
Finance, Insurance, Real Estate . . . . .	4,100	4,100	—
Services . . . . .	18,600	18,100	2.8
Government . . . . .	32,100	31,200	2.9
Total② . . . . .	138,500	134,300	3.1

① By place of residence. Includes self-employed, unpaid family, and domestic workers.

② By place of work.

Source: State Department of Employment Development.

### Federal Installations

Two U.S. installations—the Naval Weapons Center at China Lake, in northeastern Kern County, and Edwards Air Force Base in the southeastern sector, account for more than 80 percent of all federal jobs in the county. The two installations contribute to the economic growth of Kern County through direct purchases of supplies and equipment from local business establishments, and the large military and civilian payrolls.

Edwards Air Force Base, a major Flight Test Center, covers 301,209 acres and extends into San Bernardino and Los Angeles Counties. Edwards is the second largest Air Force Base in the country. Total employment is approximately 8,700 with 3,800 military and an estimated 4,900 civilian personnel.

Edwards AFB has become the focal point for many of the nation's defense and research aircraft and space vehicles. New aircraft of the Air Force,

## KERN COUNTY

### Employment and Payrolls 1976

Industry	No. of Employers	No. of Employees①	Annual Wages
Agriculture . . . . .	1,316	28,691	\$ 185,044,176
Mineral Extraction . . .	224	8,650	142,789,098
Construction . . . . .	580	4,457	62,319,028
Manufacturing . . . . .	247	8,443	113,515,513
Transportation, Utilities . . . . .	327	6,516	92,989,765
Wholesale Trade . . . . .	428	6,389	78,799,383
Retail Trade . . . . .	1,816	20,783	134,499,116
Finance, Insurance, Real Estate . . . . .	375	3,934	37,690,582
Services . . . . .	1,716	15,481	130,600,133
Federal Government . . .	35	9,638	157,059,286
State Government . . . .	140	1,577	31,826,197
Local Government . . . .	120	20,483	212,854,747
Other . . . . .	34	206	1,502,936
Totals② . . . . .	7,358	135,248	\$1,381,489,960

① Annual average.

② All gainful employment except domestic workers and self-employed individuals.

Source: State Department of Employment Development.

Army, and Navy are tested here. Edwards is involved in testing and development of three major space and aerospace programs—the F-16 plane, the Cruise Missile, and the Space Shuttle. The first seven orbital flights of the Space Shuttle are scheduled to land at Edwards.

Edwards Air Force Base is ideally situated to carry out its test programs. The dry climate assures a total of 350 days of flying weather each year, and its relative isolation assures protection from urban encroachment.

Among the tenant organizations using the facilities at Edwards to carry on their own tests are the Air Force Rocket Propulsion Laboratory, the U.S. Army Aviation Systems Test Activity, U.S.A.F. Test Pilot School, National Aeronautics and Space Administration (NASA), and the Federal Aviation Administration.

The Naval Weapons Center at China Lake is the Navy's largest research and development center. Among NWC developments are guided missiles, rockets, torpedoes and aircraft fire-control systems.

There are ranges for testing rocket and projectile fuses and for special aircraft, rocket and gunnery firing. Over 4,000 civilian and 700 military personnel will draw an estimated \$90 million payroll in 1978, according to the Center commander. The Center's budget this year is \$218 million.

The physical environment at China Lake is ideally suited to the testing of weapons. The air is relatively smog-free, and a high proportion of cloudless days ensures maximum use of the facilities. The federal government has a capital investment exceeding \$600 million in the China Lake facility. The future of the Naval Weapons Center seems assured because of the large investment, the physical environment, and the significance of the work to national security.

Adding to government payrolls in Kern County is the California Correctional Institute at Tehachapi, operated by the California Department of Corrections. The 1977 payroll was \$5,940,096, according to its annual report.

## Industry

Leading industries in Kern County are food products, transportation equipment (largely aircraft parts), petroleum, nonelectrical machinery, stone, clay, and glass. In 1976 these industries accounted for approximately 69 percent of total industrial employment and 76 percent of industrial wages paid in Kern County.

Other important industries in the county are printing and publishing, rubber and plastic products, primary metals, chemicals, fabricated metal products, and wood products. The county's industrial structure is almost evenly divided between durable and non-durable goods, with durable goods having a slight edge in employment. An accompanying tabulation shows industrial employment and payrolls for 1976. As noted in this summary, the food products industry generates the most jobs, while the transportation equipment industry generates the largest dollar payrolls.

The food products industry is based largely on beverages, dairy products, meat products, wine and brandy making, and cottonseed oil. Unlike most other counties in the Central Valley with a strong agricultural base, Kern County does not have an extensive food packing or canning industry. For this reason, seasonal variations in employment in this industry are very moderate.

Transportation equipment manufacturing is centered largely on aircraft and aircraft parts. Kern

County plants also produce truck and bus bodies, motor vehicle parts, trailers, boats, and boat parts.

Farm equipment and oil field equipment comprise the bulk of production in the nonelectrical machinery category.

In the stone, clay, and glass industry, the area's mineral wealth gives rise to such products as gypsum, plaster, ready-mixed concrete, abrasives, asbestos, acoustical tile, ceramics, pottery, monuments and steel wool.

Many mining and chemical companies have located in eastern Kern County, to be near the source of supply. Mojave, the area's largest community, is the junction point of State Highway 58, linking Bakersfield and Barstow, and State Highway 14, leading from the Los Angeles area to the Owens Valley and Reno. It is also an important rail junction, with Southern Pacific and Santa Fe serving the area.

At Mojave, California Portland Cement Company has announced a \$65 billion expansion program which will double the capacity of the plant to two million tons annually.

Thirty miles east of Mojave is Boron, site of the world's largest deposit of borax, mined here since 1927. Millions of dollars have been invested in construction and expansion of manufacturing facilities. The area now produces 800,000 tons annually of boron, a key ingredient in space and missile fuels. This is 70 percent of the free world's supply.

U.S. Borax and Chemical Corporation, Kern County's largest industrial employer, has initiated a \$75 million building project at Boron. Scheduled for completion in 1979, a 200,000-ton boric acid plant will be the largest plant of its type in the world.

An industrial survey by the Kern County Board of Trade revealed that industrial projects and improvements valued at more than \$500 million and generating about 1,000 new jobs are planned in the county for 1978. Largest expenditures are \$75 million by U.S. Borax and Chemical Corporation and \$65 million by California Portland Cement Company mentioned above. Mohawk Petroleum Corporation is spending \$50 million to modernize and expand Bakersfield refining facilities. Completion is scheduled for the fall of 1979 when daily capacity is expected to reach 30,000 barrels. Texas Instruments, Inc. plans to build a \$2.7 million plant near Inyokern Airport to produce radar-related equipment for the Navy. Other nationally-known industrial firms

who have announced expansion plans include Mobil Chemical Company, Owens-Corning Fiberglas, and Anheuser-Busch.

## KERN COUNTY

### Industrial Establishments 1976

	No. of Establishments	No. of Employees	Annual Wages
Food Products ....	34	1,606	\$ 17,841,638
Apparel .....	6	164	1,157,052
Lumber and Wood Products .....	14	205	2,136,538
Furniture and Fixtures .....	6	123	911,318
Printing and Publishing .....	33	570	5,685,646
Chemicals .....	9	270	3,922,354
Petroleum .....	14	1,033	19,144,586
Rubber and Plastics	10	426	4,436,702
Stone, Clay, and Glass .....	19	925	15,184,010
Primary Metals ...	5	303	2,902,855
Fabricated Metal Products .....	19	212	2,392,752
Nonelectrical Machinery .....	40	938	11,113,673
Electrical Equipment	12	176	1,633,368
Transportation Equipment .....	16	1,342	23,613,610
Other .....	10	150	1,439,411
Total .....	247	8,443	\$113,515,513

Source: State Department of Employment Development.

in 1977 were 127,795, an increase of 11.6 percent over the 1976 total. There are more than 60 private airports and landing strips in the county.

An extensive interlocking network of major state, county, and transcontinental highways spans the county. Interstate 5, principal high-speed highway between Los Angeles and the San Francisco Bay Area, traverses the county, entering from the northwest. About 20 miles south of Bakersfield it joins State Highway 99, which connects Bakersfield with the principal cities of the Central Valley. From Bakersfield State Highway 58 runs east to a connection with Interstate 15 at Barstow, and west to San Luis Obispo and coastal points.

## Utilities

Pacific Gas and Electric Company serves Kern County with both electric power and natural gas. Southern California Edison Company furnishes electric power to a minor portion of the county. Southern California Gas Co. supplies natural gas in certain areas. Pacific Telephone Co. and Continental Telephone Co. provide telephone service.

## Agriculture

Kern County is the second most productive agricultural county in both the state and nation. Rich alluvial soils on the valley floor, a long growing season, and efficient use of irrigation are factors contributing to the county's importance in agriculture. The county has over 1,700 farms, with an average size of 2,233 acres. About 73 percent of all farms are irrigated. Harvested acreage exceeds one million, and continues to grow.

The gross value of farm output in 1977 was \$799,042,900, a drop of 8.5 percent from the previous year's record production. Drought conditions, prevalent throughout the state, adversely affected non-irrigated field crops and animal feed grains last year. However, above-normal rainfall and expected heavy runoff from mountain snow packs this year should insure favorable growing conditions for the foreseeable future.

Field crops, fruits and nuts, and vegetables have dominated the county's agricultural production since 1971. The most important individual crops are cotton and grapes, each valued at more than \$100 million in 1977. There were 34 individual farm commodities valued at \$1 million or more last year. Those with a production value exceeding \$10 million are listed on page 29.

## Transportation

Main lines of Southern Pacific and Santa Fe serve the county, providing Amtrak service at Bakersfield. There are 31 common carriers with operational authority in the county. Bus service is provided by Greyhound, Continental Trailways, Orange Belt Stages and the Kernville Stage and Freight Lines Company. The Golden Empire Transit District, formed in 1972, serves the Greater Bakersfield area.

Kern County operates ten airports, including Meadows Field at Bakersfield and Mojave Airport, both of which have jet runway capabilities. Meadows Field has scheduled service by United Airlines, Hughes Airwest, and Swift Aire. Passenger boardings

Harvested acreage in the county has increased sharply since water from the California Aqueduct was introduced into the county early in 1968. For the three-year period ending in 1977, an annual average of 968,707 acres was harvested, compared with an annual average of 723,331 acres for the 1965-67 period immediately preceding the availability of this new water source. This development is illustrated in the summary below.

### KERN COUNTY Harvested Acreage

Year	Acreage
1968 .....	748,561
1969 .....	747,248
1970 .....	836,878
1971 .....	792,254
1972 .....	796,865
1973 .....	809,578
1974 .....	879,413
1975 .....	926,349
1976 .....	971,748
1977 .....	1,008,024

Source: County Agricultural Commissioner.

### KERN COUNTY Ten-Million Dollar Crops 1977

Crop	Value
Cotton, Including Cottonseed .....	\$220,290,000
Grapes .....	133,706,000
Cattle and Calves .....	61,540,000
Potatoes .....	53,955,000
Hay, Alfalfa .....	43,301,000
Citrus .....	35,486,000
Carrots .....	33,820,000
Almonds, Including Hulls .....	30,952,000
Milk, Market and Manufacturing ...	30,769,000
Nursery Products .....	20,133,000
Onions, Fresh and Processing .....	12,773,000
Lettuce .....	12,337,000
Tomatoes, Fresh and Processing ....	10,118,000

Source: County Agricultural Commissioner.

The greater cost of State water and other factors have contributed to changed cropping patterns in the county. There is now more emphasis on such high value crops as fruits, nuts, and vegetables. Almonds, grapes and citrus are expected to account for an increasing share of fruit and nut bearing acreage. Figs, olives, pecans and pistachios are other crops expected to benefit from changes in cropping practices throughout the county.

A portion of the gains in farm output has resulted from a shift in production from Southern California counties, caused by the pressures of urbanization and environmental control programs in the Los Angeles Basin. Citrus producers and dairymen, responding to these pressures, are relocating to Kern County in large numbers.

Even in Kern County, the quickened pace of urbanization has forced the retirement of much high quality land from cultivation. This attrition has been more than offset by other acreage made available by extension of irrigation, particularly into West Valley areas.

The county contains full agricultural facilities for the production and marketing of crops. These include extensive feedlot and other facilities for beef and lamb; packing, dehydrating, cold storage facilities for fruit; cotton gins and seed oil plants, and storage and milling for seed and grain.

Livestock, the oldest and steadiest industry in the county, represents a major segment of the farm economy. Kern County has an estimated 2,400,000 acres of range land which annually accommodates thousands of heads of imported cattle for fattening on winter forage.

Because a large share of its agricultural workers are resident rather than migratory, Kern County already has one of the best educated farm labor forces in California. Technology in the cultivation and harvest of certain crops is among the most sophisticated to be found and, under pressure from higher labor costs, the pace of these changes will accelerate in coming years.

The following tabulation provides a ten-year history of agricultural production in Kern County.

## KERN COUNTY

### Gross Value of Agricultural Production

	1968	1969	1970	1971	1972
Field Crops .....	\$118,645,500	\$108,850,000	\$121,392,000	\$131,050,000	\$161,778,000
Seeds .....	2,567,040	1,627,910	1,991,400	1,417,660	783,500
Vegetables .....	68,432,000	61,526,700	71,326,300	66,627,800	80,978,600
Fruits and Nuts .....	51,426,600	54,150,900	55,306,100	75,854,000	86,262,900
Nursery Products .....	5,178,000	6,242,000	7,678,000	9,674,000	11,472,000
Apiary Products .....	119,120	192,250	296,200	370,220	366,870
Livestock and Poultry ...	63,971,700	73,473,700	72,880,900	56,402,300	70,638,000
Animal Products .....	18,897,820	14,212,800	15,804,800	15,038,350	18,041,700
Total .....	\$329,237,780	\$320,276,260	\$346,675,700	\$356,434,330	\$430,321,570
	1973	1974	1975	1976	1977
Field Crops .....	\$230,117,900	\$319,763,000	\$329,520,000	\$393,329,500	\$303,696,000
Seeds .....	715,500	832,075	1,634,575	1,215,900	1,265,900
Vegetables .....	132,304,000	131,988,000	137,932,000	136,059,000	137,996,800
Fruits and Nuts .....	122,906,500	150,482,400	151,347,400	204,044,800	226,462,000
Nursery Products .....	17,947,000	20,693,000	21,959,000	27,976,000	20,133,000
Apiary Products .....	512,830	446,600	602,400	527,100	1,794,000
Livestock and Poultry ...	71,095,800	51,160,600	67,194,000	72,888,500	74,642,500
Animal Products .....	22,430,000	31,533,780	34,562,900	37,511,000	33,052,700
Total .....	\$598,029,530	\$706,899,455	\$744,752,275	\$873,551,800	\$799,042,900

Source: County Agricultural Commissioner.

### Mineral Production

Kern County is California's leading mineral-producing county. Data compiled by the County Mineral Appraisal Engineer indicate the valuation of Kern's mineral production in 1976 amounted to nearly \$1.3 billion, an all-time record.

Petroleum dominated the production total with a dollar-value of \$976,722,000 from an estimated 134,165,154 barrels. There are eight refineries and cracking plants in Kern County, and over 23,000 producing wells. The two-billion-barrel Elk Hills Petroleum Reserve, near Taft, is the world's largest military oil reserve. It has been opened for commercial production.

A large percentage of the crude oil produced in Kern County is considered to be heavy (a low specific gravity). The production of this type of crude oil has greatly increased in recent years through

utilization of steam stimulation techniques. Heavy crude oil reserves are one of the county's major assets.

Medium to high gravity crude together with natural gas and natural gas liquids continue to be a major portion of the hydrocarbon wealth and it is anticipated that continued secondary recovery efforts and new discoveries will maintain this situation.

One of the world's largest borax deposits is located at Boron in eastern Kern County. These deposits account for three-fourths of the free world's borax production. Limestone for the manufacture of cement is quarried at three separate locations in the county, with a manufacturing facility at each site.

Other minerals produced in Kern County include clay, gold, gypsum, mercury, sand and gravel, stone, and salt. The table below summarizes mineral production since 1972.

## KERN COUNTY

### Mineral Production Values

Year	Petroleum	Other	Total
1972 .....	\$296,734,900	\$165,550,100	\$ 462,285,000
1973 .....	349,849,000	180,329,000	530,178,000
1974 .....	535,584,000	194,054,000	729,638,000
1975 .....	834,257,000	241,819,250	1,076,076,250
1976 .....	976,722,000	301,236,227	1,277,958,227

Source: California Division of Mines and Geology.

## Commerce

Bakersfield is the hub of commercial activity in Kern County. The Valley Plaza Regional Shopping Center, near the center of the city, has 76 retail and service establishments, including Sears and The Broadway department stores.

Taxable sales transactions throughout the county approximated \$1.8 billion in 1977, a gain of 19 percent over the previous year. Retail sales account for about 68 percent of all taxable sales in Kern County.

Between 1973 (first full year in which gasoline sales became taxable) and 1977 the number of reporting outlets increased 1,252. All but 216 of this total number were non-retail outlets, reflecting the growing importance of Kern County as a center of commerce and industry.

Taxable sales by individual years since 1973 are summarized in the following tabulation.

## KERN COUNTY—Taxable Sales Transactions

(Dollars in Thousands)

	Retail Sales*		All Sales	
	Permits	Transactions	Permits	Transactions
1973 .....	3,428	\$ 698,370	7,619	\$ 976,510
1974 .....	3,406	822,802	7,763	1,217,041
1975 .....	3,453	913,966	8,109	1,345,411
1976 .....	3,518	1,027,880	8,343	1,507,612
1977 .....	3,644	1,216,323	8,871	1,798,922

\*Exempt items include food for home consumption, prescription drugs, and certain other items.

Source: State Board of Equalization.

## Education

Public instruction in Kern County is the responsibility of 39 elementary school districts, four high school districts, six unified school districts (grades K-12), and two community college districts. Through high school, over 80 percent of all students are enrolled in elementary or high school districts, while a comparatively small number are in unified school districts.

As in many other California counties, enrollment in the elementary grades has declined steadily over the past few years. Enrollment in high school has been relatively stable, and community college enrollment has increased. These changes are reflected in the countywide history of enrollment since the 1967/68 school year as shown on page 32.

## KERN COUNTY

### Public School Enrollment

School Year	Elementary	High School and Junior College	Total
1967-68 .....	66,189	33,996	100,185
1968-69 .....	65,402	35,086	100,488
1969-70 .....	65,526	35,979	101,505
1970-71 .....	65,324	36,886	102,210
1971-72 .....	63,776	37,312	101,088
1972-73 .....	61,516	37,669	99,185
1973-74 .....	59,401	38,321	97,722
1974-75 .....	58,620	40,444	99,064
1975-76 .....	57,624	42,236	99,860
1976-77 .....	57,559	42,234	99,793

Source: County Superintendent of Schools.

Kern Community College District is the largest community college district in the state. It covers most of Kern County and parts of Tulare, Inyo, and San Bernardino Counties. Campuses are Bakersfield College in Bakersfield, with a current enrollment of 13,655, Porterville College in Tulare County (enrollment 3,210), and Cerro Coso College at Ridgecrest (4,038 students).

West Kern Community College District operates Taft College at Taft, in the southwestern part of the county. Current enrollment is more than 1,100 students in the day and evening divisions.

California State College, Bakersfield occupies a 375-acre campus adjoining the western city limits of Bakersfield. This four-year institution opened in September 1970 and enrolled 3,230 students in the fall of 1977. The college emphasizes liberal arts, science, and the professional area of Business Administration, Education, and Nursing. Pre-law and pre-med programs are offered.

### Recreation and Tourism

Tourism is becoming increasingly important to the county's economy. The County Board of Trade

estimates its economic impact at over \$50 million annually. Among popular visitor attractions are the scenic Kern River Valley and Lake Isabella. Located about 40 miles northeast of Bakersfield, Lake Isabella is the largest fresh water lake in Southern California. Sailboat and power boat docks and marinas, campgrounds, and a golf course are among visitor attractions. An airport serves the area.

State Highway 178 follows the Kern River from Bakersfield to Lake Isabella. A 14-mile stretch west of the lake has been developed to a divided freeway, eliminating the sharp mountain curves which had proved bothersome to motorists. Completion of the Kern Canyon Freeway (as it will be known) will enhance the region's importance as a tourist and recreation center. There is all-year fishing in the Kern River.

Among other recreational areas in the county are Lake Woollomes near Delano, Tehachapi Mountain Park, Greenhorn Mountain Park, Kern National Wildlife Refuge, Miracle Hot Springs, Fort Tejon State Historic Park, Frazier Park, Tule Elk Reserve State Park, Red Rock Canyon State Park, and Tropico Gold Camp and Mine south of Mojave.

Pioneer Village is a unique collection of restored buildings and artifacts of early Kern County located in Bakersfield. About 22 miles southwest of Bakersfield is Buena Vista Aquatic Recreational Area, which has an 86-acre fishing lake and an 873-acre boating lake. This facility is equipped with 112 camping sites and 250 picnic sites.

### Banking

Nine banks operate 73 banking offices in Kern County. Those with multiple offices include American National Bank, Bank of America, California Republic Bank, Community National Bank, Crocker National Bank, Lloyd's Bank California, Security Pacific National Bank, and United California Bank. Wells Fargo Bank has an office in Bakersfield.

According to the Federal Deposit Insurance Corporation, countywide bank deposits as of June 30, 1977 totaled \$1,145,852,000, an increase of more than \$81 million over the same date of 1976.

Ten savings and loan associations operate 23 branch offices throughout the county.

**APPRAISAL**  
**CAWELO WATER DISTRICT**  
**by**  
**ALLIANCE APPRAISAL COMPANY**



# ALLIANCE APPRAISAL COMPANY

TITLE INSURANCE & TRUST BUILDING  
1705 CHESTER AVENUE, SUITE 301  
BAKERSFIELD, CALIFORNIA

J. H. MACNAIR, PRESIDENT,  
M.A.I., S.R.P.A., A.R.A.  
THARRELL D. MING, VICE-PRESIDENT,  
S.R.A., A.R.A.

February 1, 1978

PHONE (805) 325-8655  
MAILING ADDRESS P. O. BOX 632  
BAKERSFIELD, CALIFORNIA 93302

Board of Directors  
Cawelo Water District  
1415 - 18th Street, Room 305  
Bakersfield, CA 93301

Gentlemen:

In response to your request, I have inspected the properties in Cawelo Water District for the purpose of estimating the fair market value of the land and on-farm improvements, as of December 30, 1977.

Fair market value as herein used is defined as the highest price estimated in terms of money which the properties will bring if willingly exposed for sale in the open market by sellers, allowing a reasonable time to find willing buyers, neither buyers nor sellers acting under compulsion, both having full knowledge of all the uses and purposes to which the properties are adapted and for which they are capable of being used, and both exercising intelligent judgment.

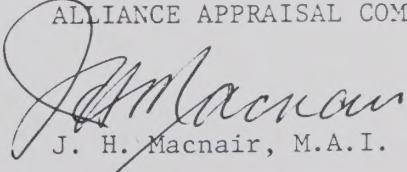
The District lands have been appraised as a result of the correlation of market, cost and income data (see Valuation Data) and values have been summarized (see Conclusion) on pages 39, 40 and 41 of the attached appraisal report.

As a result of my investigation and in consideration of the above and other indicators of value, it is my opinion that the fair market value of the Cawelo Water District lands and on-farm improvements, as of December 30, 1977, is the sum of NINETY-NINE MILLION THREE HUNDRED SIXTY-EIGHT THOUSAND EIGHT HUNDRED DOLLARS, (\$99,368,800).

The above valuation is predicated on an orderly liquidation of economic-sized parcels over a reasonable period of time.

Your attention is invited to the attached appraisal report from which, in part, the above value conclusion was derived.

Very truly yours,

ALLIANCE APPRAISAL COMPANY  
  
J. H. Macnair, M.A.I.



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